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Resources for Entrepreneurship Education

RESOURCES FOR ENTREPRENEURSHIP EDUCATION

A PROJECT TO PROMOTE ECONOMIC DEVELOPMENT
THROUGH ENTREPRENEURSHIP EDUCATION
AND TRAINING

ED CONTRACT NO. 300820171

September 1984

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The development of this resource notebook was one of the major activities of the "Project to Promote Economic Development Through Entrepreneurship Education and Training." To achieve economic development through entrepreneurship education and training, collaboration is needed among all the entities involved in the education and training of the entrepreneur, the development of the enterprise, the development of an environment suitable for economic growth. The U.S. Department of Education, Office of Vocational and Adult Education, and the U.S. Department of Commerce, Minority Business Development Agency, have collaborated in funding this project which was operated by the School of Occupational and Adult Education, College of Education, Oklahoma State University.

The major project objectives were:

- ° To promote entrepreneurial education in vocational education at the secondary, postsecondary and adult levels, and to increase coordination with Minority Business Development Center service providers
- ° To assist vocational educators and Minority Business Development Center representatives in developing, improving, and expanding entrepreneurial training programs by developing program models, training strategies and bibliographies of resource materials
- ° To develop and disseminate entrepreneurial education materials for use by vocational educators and Minority Business Development Center service providers

This resource notebook has been designed for use by vocational administrators and educators and by Minority Business Development Center representatives. Direction and recommendations have been sought from members of both groups across the nation through a series of local and state seminars. We have attempted to incorporate as much of their input as time and space would allow. We encourage the use of this "hands-on" notebook as a beginning in the development and improvement of entrepreneurship education and training programs. We can guarantee that the resources we have provided in this notebook will lead you to a vast number of additional resources sufficient to meet any training needs you may have.

Material designed to supplement the notebook is contained in the Entrepreneurship Education Training Package also developed through this project. The Package describes the process of bringing education, government, and the private sector together in communities to collaborate on entrepreneurship education programs and offers strategies for accomplishing this gleaned from twenty-one seminars held around the nation. Appendix J provides instructions for ordering the Guide.

Our best wishes are extended to you in your endeavor to promote entrepreneurship.

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WHAT IS THE ROLE OF THIS RESOURCE NOTEBOOK: HOW CAN YOU USE IT?

Taken in a large context, entrepreneurship is just one avenue of economic growth and development within the American economy. It is, however, receiving increasing attention from the state and federal governments, as well as from the private sector, as perhaps one of the most important factors in the future economic development of our postindustrial society. Assuming that entrepreneurship plays a vital role in the present and future economic health of our nation, it becomes important to learn how to foster entrepreneurial behavior as well as how to provide an economic environment conducive to the success of new enterprises. Some of the questions this poses are:

- What are the personal characteristics needed by an individual to become a successful entrepreneur and can these characteristics be taught?
- What business and other skills are essential to the success of an entrepreneur and how can they best be infused into existing educational/service programs?
- What motivates individuals to become entrepreneurs and can such motivation occur in the classroom?
- What is the social and economic environment most conducive to the implementation and success of new business ventures and is it possible to create such an environment intentionally?
- What process should be used to obtain answers to these questions and subsequently to implement programs using the information obtained?

The amount of literature that has been produced in the last three years addressing these issues is greater than the sum of all that was written on the topic in the preceding thirty years according to the Center for Entrepreneurship and Small Business Management at Wichita State University. Despite this abundance of information, there is still no widely accepted definition of entrepreneurship, no consensus on the characteristics of entrepreneurs and whether or not they can be taught, no definitive answer to the question concerning what motivates individuals to become entrepreneurs and whether or not such motivation can be accomplished through education, little agreement on the socioeconomic climate most conducive to entrepreneurial success, and no overall plan or process for implementing what we do know or for researching what we do not.

will be addressed throughout this resource notebook in an attempt to clarify the role entrepreneurship plays in our economy and how education can contribute to its growth and success. You will find that this is a practical "how-to" approach to this somewhat controversial issue. The notebook emphasizes the implementation of educational programs to teach those aspects of entrepreneurship that will be useful to students as life skills and which already have proven value. It was designed to assist vocational educators, Minority Business Development Centers, and other groups to assume leadership roles in promoting effective entrepreneurial education programs. Following are specific suggestions on how to use each section of the notebook.

Chapter I contains definitive information about the need for successful entrepreneurs and enterprises that will help clarify your understanding of the essential nature of entrepreneurship and free enterprise in our economy. You and your coworkers need these facts in order to highlight the importance and relevance of entrepreneurship education in your community.

Chapter II provides a conceptual model for a comprehensive entrepreneurial education approach. The responsibility of educational institutions for entrepreneurial training at each learning level is depicted along with the interrelated roles of business, industry, government, and the individual. You can help to bring this interaction to fruition at each learning level, i.e., elementary, secondary, postsecondary and adult. Strategies for supporting a comprehensive entrepreneurship education system in your community must encompass the five stages for entrepreneur and enterprise development, namely, awareness, development, application, venture, and assessment.

Chapter III describes the Entrepreneurship and Enterprise Development Process and provides a guide for you to examine the present status of entrepreneurship education in your community. You will need to identify basic target groups and training objectives for each of the five stages in the development of entrepreneurs and enterprises. Vocational educators need to enlist the support of the local Minority Business Development Center (MBDC) representative and/or other groups to infuse entrepreneurial training opportunities into existing prevocational and vocational programs, or to initiate separate programs at each learning level. In addition, part-time programs must be designed to provide incubator-type environments for adults venturing into businesses and for owners of growing businesses. Examples of model programs are included in the resource notebook to illustrate various instructional strategies and delivery systems used to facilitate the development of entrepreneurs and enterprises at each learning level, i.e., elementary, secondary, postsecondary and adult programs.

Chapter IV discusses minority entrepreneurship and explores what, if any, special training needs minority entrepreneurs may have at each of the five developmental stages. MBDC directors need to be aware of these needs and work with vocational educators and other groups to ensure that they are met at every educational level.

on the individual student's aptitude, attitudes, motivation and entrepreneurial competencies.

Chapter VI includes specific information about agencies that can provide with assistance in the development of entrepreneurs, enterprises, and a healthy economic environment in your community. A variety of services are available to assist vocational educators and MBDC representatives. The mission and goals of the MBDC and the vocational education system are described along with the kinds of services provided for the development of entrepreneurs and enterprises. You will need to consider the suggested strategies which vocational educators can use in collaborating with Minority Business Development Centers and other groups in the community. Ideas are included to help you in obtaining the support of various local, state, and national sources of assistance for entrepreneurial programs at each learning level.

The Appendices are an additional feature of the resource notebook. The annotated bibliography includes available learning materials related to the various aspects of entrepreneurship education. Eight areas of vocational education are addressed: agriculture, business and office, health occupations, home economics, industrial arts, marketing and distribution, technical, and trade and industrial. Some of the materials are minority-oriented and some are suited to technical business assistance through MBDCs and other groups in the community involved in entrepreneur and enterprise development. A matrix is provided to guide you in identifying those materials most suited to your needs. The matrix is keyed to the five stages in the development of entrepreneurs and enterprises: specifically, awareness, development, application, venture, and assessment.

Also included in the Appendices is an annotated listing of assistance agencies, model program descriptions, an entrepreneurship program planning guide, and various other information which supplements the notebook chapters. A complete index of the content of the Appendices is located in the Table of Contents.

CHAPTER I

ENTREPRENEURSHIP: WHAT IS IT AND WHY IS IT IMPORTANT?

WHAT IS ENTREPRENEURSHIP?

Entrepreneurship is a word that has been defined and used in a variety of ways. Although no single definition for entrepreneurship has been widely accepted by the education community, there do seem to be certain elements which are present in a large number of the descriptions found in the literature. The definitive characteristics of entrepreneurship used as a basis for this project are taken from the work of Shapero and Sokol (1982). These authors have reviewed the literature and they suggest that entrepreneurship has five specific aspects:

- Initiative-taking: One or more individuals take the responsibility of founding a new business
- Consolidation of resources: The founders assemble resources and develop a business structure to accomplish some objective
- Management: The founders are actively involved in the management of the business
- Relative autonomy: The founders have a great deal of freedom in using the resources of the business
- Risk-taking: The founders are directly responsible for the success or failure of the business

A careful analysis of these characteristics suggests the similarity between entrepreneurship and the development and management of most small businesses. Small business owners typically take initiative, consolidate resources, manage with relative autonomy, and assume the risks of the business venture. Although one might argue that all small business owners/managers are not entrepreneurs, the terms are sufficiently synonymous to be used interchangeably throughout this notebook.

Humanity's progress from caves to campuses has been explained in numerous ways. But central to virtually all of these theories has been the role of the "agent of change," the force that initiates and implements material progress. Today we recognize that the agent of change in human history has been and most likely will continue to be the entrepreneur.

A similar view has been expressed by Frank Carney, the founder of Pizz Hut, Inc. (Christy and Jones 1982): "Entrepreneurs are the cornerstone of American Enterprise System, the self renewing agents for our economic environment."

Although these statements provide eloquent support for the importance entrepreneurship, they do not present specific illustrations of the contribution entrepreneurship makes to the economy and society. However, statistical evidence from a variety of sources (Christy and Jones 1982; Ker Sexton, and Vesper 1982; Naisbitt 1982; The State of Small Business 1983) suggests that small business/entrepreneurship is important because:

- ° Most businesses in the United States are considered to be small businesses (approximately 95%)
- ° New business ventures are being formed at a rapid rate (approximately 600,000 per year)
- ° Small businesses generate almost half of the sales produced by all firms in the United States (approximately 45%)
- ° Small businesses employ almost half of the workers in all American firms (approximately 48%)
- ° The development of new ventures and the expansion of existing small businesses have accounted for the majority of new jobs added to the economy in recent years (approximately 60%)
- ° Small businesses have been responsible for the development of many innovative products and processes (approximately 2.5 times as many innovations as large firms)

The importance of small business/entrepreneurship to the economy and society is unquestionable. Small businesses are responsible for providing substantial number of the products, services, and jobs necessary for economic growth. Small businesses are responsible for producing many of the innovations that have altered the structure and functioning of society. As the American economy continues toward an emphasis on services, the role and importance of small business/entrepreneurship should increase because small

WHAT IS THE ROLE OF EDUCATION IN ENTREPRENEURSHIP?

Education can play at least three legitimate roles in the development of entrepreneurship. One role is as an advocate for entrepreneurship. Educators and trainers can ensure that students are presented with entrepreneurship options in their career choices. Students should be encouraged to investigate the possibility of starting new businesses or going to work for small businesses as they plan their educational programs. This encouragement should occur at all levels of the educational process, but appears to be especially critical at the secondary and postsecondary levels. Most vocational programs have been oriented toward preparing students as employees. Only in recent years has there been a substantial increase in the number of colleges and universities offering courses or programs in entrepreneurship/small business (Vesper 1982). More emphasis on the desirability and feasibility of entrepreneurial careers at all levels of education should lead to the establishment and success of an increased number of small business ventures.

The second role of educators/trainers is to ensure that students have the necessary business and technical skills to be successful in entrepreneurial careers. There is considerable evidence to support the fact that the failure rate of small business is very high and that many of these failures are due to poor management (The State of Small Business 1983). Larry Jones, President of the Coleman Company, Inc., has observed:

To be successful in any business, big or small, the entrepreneurial spirit is essential. However, one's drive must be tempered by a working knowledge of sound management practices. A recent Dun and Bradstreet study shows that poor management accounts for the vast majority of failures of new businesses. Management, then, is the fiber which holds all successful businesses together, and is a subject of the most careful study. (Christy and Jones, 1982)

Management in an entrepreneurial venture includes knowledge and skills covering all business functional areas (marketing, accounting, finance, etc.) as well as the technology of the product/service being offered by the business (welding, computers, sporting goods, etc.). Although there is some disagreement as to how many of the ingredients of successful entrepreneurship can be taught and learned, there are many important mechanical components to developing and managing a small business (Timmons 1982). These mechanical components (designing an accounting system, performing cash flow analysis, developing a business plan, etc.) are learnable and should be emphasized by those educating entrepreneurs.

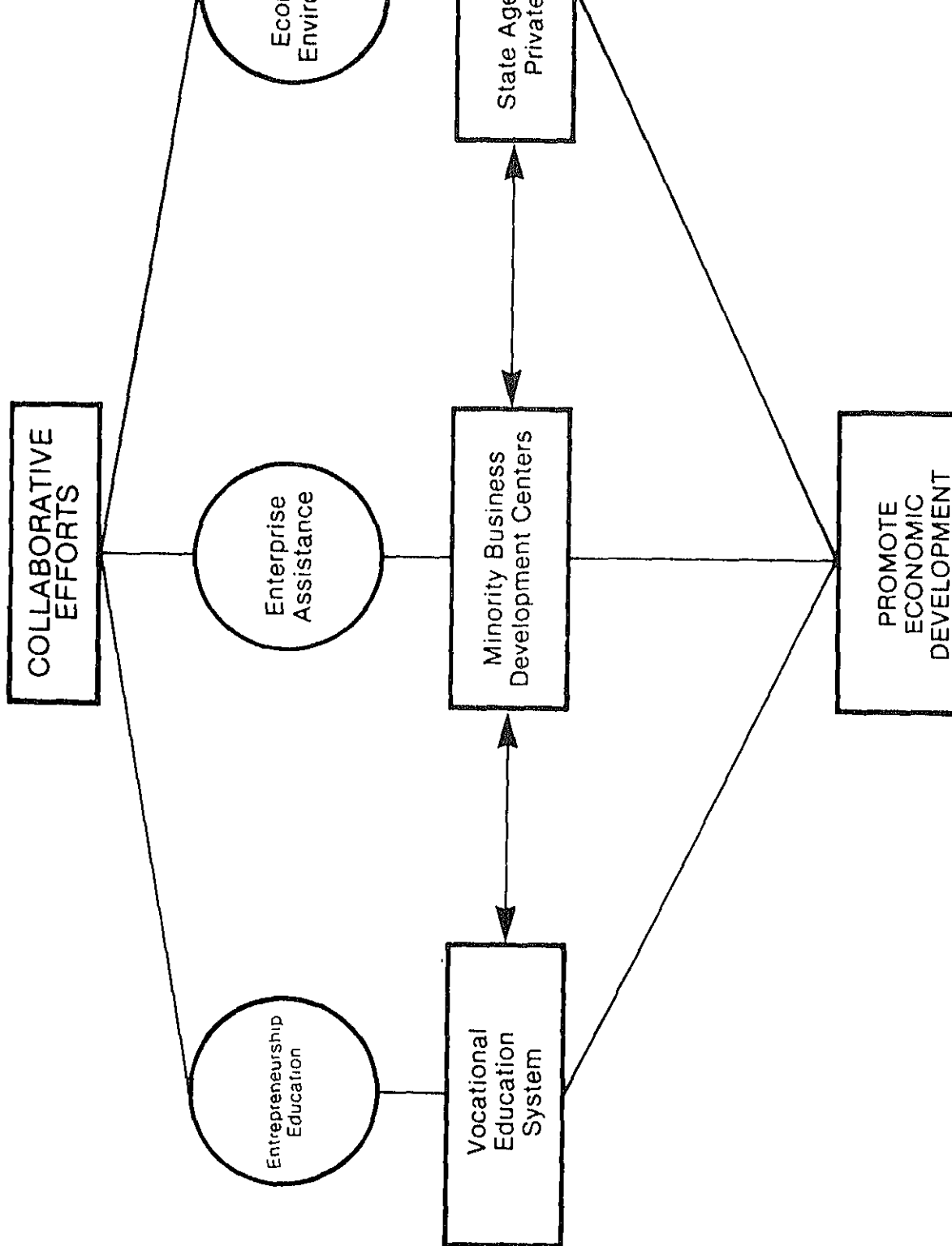
At some future time, researchers may agree upon the personal characteristics of successful entrepreneurs and what it is that motivates them to initiate new enterprises. As indicated by examples in Appendix G, information is available on these topics and they continue to generate a great

the case, they cannot be seen as subjects of serious concern for program planners within the public vocational education system who must carefully justify the use of their resources. It would seem reasonable to encourage educators and others involved in entrepreneurship education and training to concentrate their efforts on ensuring that students understand the free enterprise system, are fully aware of the possibility/acceptability of entrepreneurship as a career option, and possess the basic business and technical skills they will need to form a solid foundation for advanced business/technical training. Students who show an interest in pursuing entrepreneurial careers could then be channeled into smaller programs which would address their specific developmental needs.

The third, and probably most important, role that vocational education can play in the development of entrepreneurship is one of leadership at the national, state and local levels. It appears that entrepreneurship education has reached the proverbial crossroads (Sexton 1984). If it is to grow as an academic discipline with a somewhat consistent delivery system reaching all educational levels, some agency/institution must serve in the leadership to address the issues of research, curriculum development and coordination, teacher training, and delivery systems. Vocational education has a long history of successful collaboration with government, community, and business/industry and can use this expertise and existing network to initiate collaborative efforts for the development, expansion and improvement of entrepreneurship education programs.

Successful entrepreneurship is a product of the existence of willing and able entrepreneurs, enterprise opportunities, and a healthy economic environment, as illustrated in Figure 1. This necessitates collaboration among the entities which comprise each of these areas. Political entities such as city council members, mayors, state legislators, and governors must introduce legislation and economic planning programs which enhance economic development in the private sector and which support entrepreneurship education in the public sector. Government agencies and the private sector must make venture capital available to promote the initiation and growth of businesses which can succeed in that area. Education must prepare students to successfully own, manage, and work in those businesses. Economic development will result only if all of the factors for business success coexist, and education can play a key role in promoting entrepreneurial behavior and new enterprise development by opening the channels of communication with other agencies and institutions concerned with the development of entrepreneurs and enterprises.

It is only through the collaboration of the agencies and organizations involved in establishing a healthy economic development environment, developing entrepreneurs, and identifying and developing successful enterprises, that a community can promote and receive the benefits of economic development. The cast of characters available to collaborate in the support of entrepreneur and enterprise development includes the myriad of institutions, agencies, and organizations represented at the local, state,



entrepreneurs. The Entrepreneurship and Enterprise Development Process is expanded in Chapter III to describe these five developmental stages, along with target groups, basic training objectives, educational/instructional strategies, and selected model programs. Chapter IV outlines some of the training needs of minority entrepreneurs. A general plan for evaluation of individual achievement and program results is included in Chapter V, and Chapter VI summarizes assistance programs for the Entrepreneurship and Enterprise Development Process. Additional information is located in the Appendices, including an annotated bibliography which lists current resource materials available on entrepreneurship and an annotated listing of assistance agencies.

Although there is not yet a universally accepted definition of the term "entrepreneur," considerable resources have been expended for curricula, instructional materials, and programs to encourage the development of entrepreneurs and enterprises. There is an obvious need for helping an educated citizenry to move toward and to keep pace with trends of the future. If entrepreneurship is to become an even more significant part of our future, it becomes imperative that the educational system devise a means whereby entrepreneurial awareness and skills can be taught as a part of a total educational program. Furthermore, students must be made aware that entrepreneurship is a viable alternative to seeking employment and working for someone else.

ENTREPRENEURSHIP EDUCATION MODEL

A conceptual model for entrepreneurship education was viewed as a primary basis for designing and completing the tasks associated with the project for "Promoting Economic Development Through Entrepreneurship Education and Training." The project staff believed that development of a conceptual model would in turn provide a framework for organizing, developing, and implementing various activities and tasks inherent in this particular project. In fact, it has become just that. The notebook and products of this project are all based on and directed toward the model described in this chapter.

In developing the Entrepreneurship Education Model, several general concepts were considered to be fundamental and overriding determinants of strategies for developing entrepreneurial businesses in the United States. Those concepts include the following:

- ° Society (including business, industry, government, and technology) is moving toward an entrepreneurship context
- ° A change process model must be employed as a strategy to encourage vocational education instructors to include entrepreneurship training as a major focus of their programs (a shift away from the basic tradition of preparing individuals to work for someone else)
- ° Development of favorable attitudes toward entrepreneurship, as well as creativeness and innovativeness, must be a focus of future training programs

- ° Personal, technical, and managerial skills for entrepreneurial activities must be developed
- ° Education, business, industry, government, and the individual each has a key role to play in the development of the entrepreneur
- ° Development of programs, materials, and strategies must result from public/private collaborative efforts, planning, and participation

In further consideration of the model, historical data regarding entrepreneurial activity were studied. In addition, barriers to successful entrepreneurship establishment, particularly those affecting minorities, were identified. These efforts led to the conclusion that the single most important problem in entrepreneurship development is the lack of an integrated, coordinated, and systematic plan to mobilize all of the available resources and to focus efforts on the points of greatest potential payoff. The importance of collaboration and networking was clearly identified, and these needs were consistent with the design of our project. Vocational education has a history of seeking advice from business and industry. That advice, however, has generally been oriented toward technical skills needed by students to work for someone else. This advice-seeking role needs to be expanded to include the preparation of individuals to go to work for themselves. By developing a model that delineates who is to be served, what types of needs must be met at what time, and how those needs should be filled, a format involving public/private collaboration began to take shape.

The model presented on the next page (Figure 2) has five stages which are a part of the process whereby individuals become successful entrepreneurs. To achieve this outcome, individuals must develop an awareness (Stage One) of entrepreneurial career options in the free enterprise system together with an information base and basic literacy, currently a part of our educational system. The model depicts this as usually happening at the elementary age level and continuing through the secondary, postsecondary, and adult levels depending upon individual needs, motivation, interests, and other factors. On the left side of the model it is noted that the individual has the prime responsibility for this development, with educational institutions and agencies also playing a role (e.g., the public school system delivers the program for teaching reading, writing and arithmetic). Further exposure to entrepreneurial ideas often occurs at the middle, junior high, and early secondary levels, and continues throughout an individual's lifespan. Development of technical and business skills (Stage Two) most often begins at or about the secondary educational level. It is here that technical skill development, including specific occupational skills such as welding, computer programming and accounting, and entrepreneurial business skills, such as cash flow management and insurance needs, are initially developed through vocational education. On the left side of the model, we note that the individual still has the major responsibility for acquiring these competencies

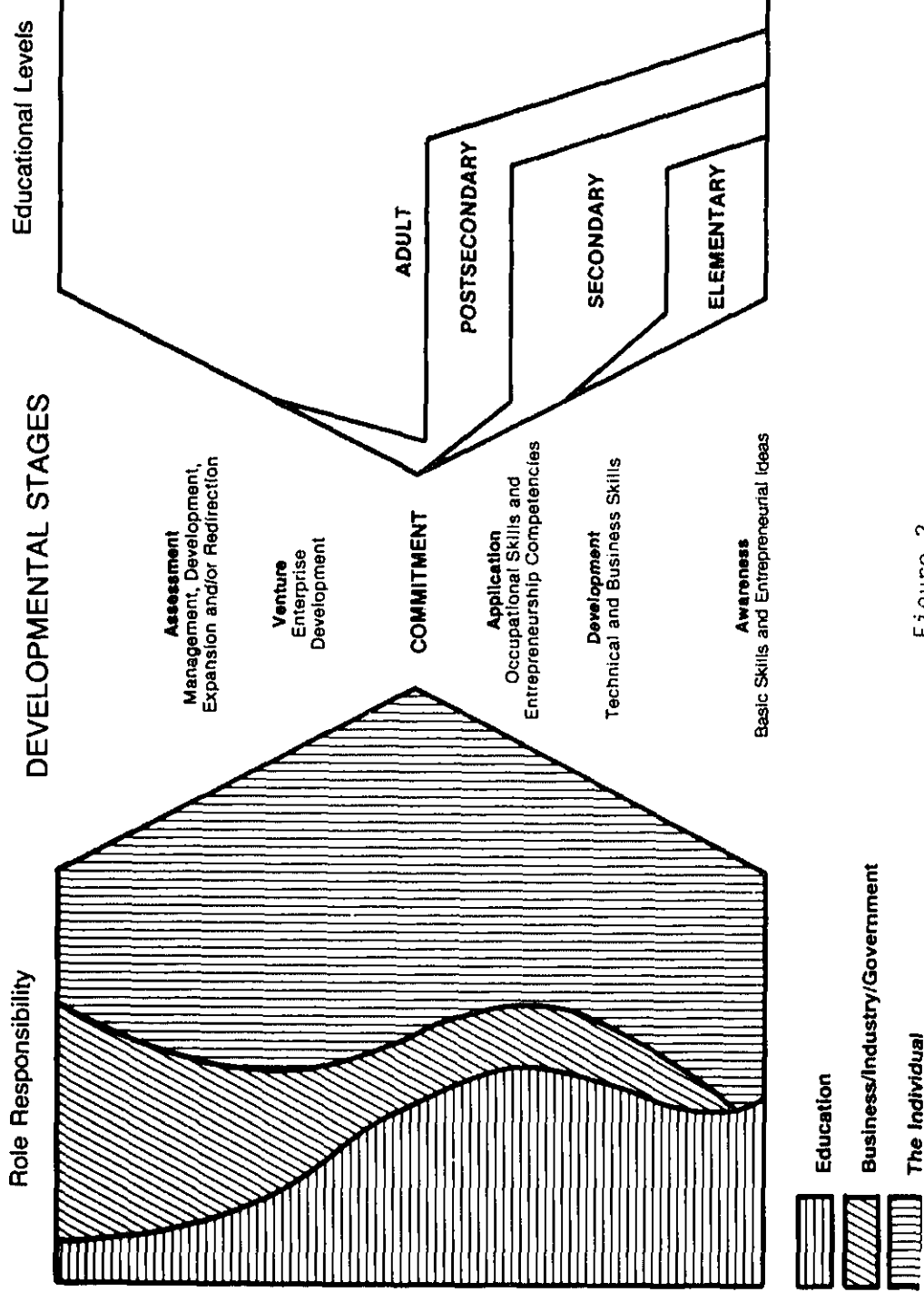


Figure 2